



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Washington, DC 20240

OCT -3 2003



(OCT 03 2003)

Mr. Perry Shirley
Chairman, Royalty Policy Committee
The Navajo Nation
P.O. Box 3750
Window Rock, Arizona 86515

Dear Mr. Shirley:

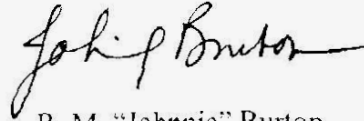
After an extensive review of the administrative appeals process, including careful consideration of the comments submitted by the members of the Royalty Policy Committee (RPC), I have concluded that the Minerals Management Service (MMS) should retain the current appeals regulations.

I believe several factors alleviate the need for any change to the current procedures. First, MMS has diligently reduced the number of pending appeals to approximately 250. This is in contrast to about 1,000 pending appeals at the time of RPC's original recommendation. Second, the MMS and the Interior Board of Land Appeals (IBLA) process appeals within the 33-month period required by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA). The MMS's goal is to process appeals within 16 months of the date they are filed, leaving the IBLA at least 16 months to issue its decision. The MMS uses the 16-month goal for all appeals, including appeals to which RSFA does not apply; i.e., those involving Indian leases or minerals other than oil and gas. Prior to the enactment of the RSFA, lessees waited for as long as 10 years to receive the Department of the Interior's final action. Last, improvements in the underlying royalty valuation regulations have resulted in improved compliance by the lessees and, as a result, fewer appeals have been filed. Further efforts in this arena should also improve lessees' compliance and lessen the number of disputes over Federal and Indian royalties.

The responses from the RPC members were as follows: The oil and gas industry representatives and The Navajo Nation advocated that the Department retain the status quo; the two public representatives on the RPC and representatives of the Western States Land Commissioners Association and the National Mining Association advocated a one-step appeal to IBLA; and the State of Wyoming representative recommended a one-step appeal, but did not express a preference whether the appeal would be directly to IBLA or to MMS.

Although I am not proposing to change the current regulations governing the appeals process at this time, I want the RPC to know that MMS will continue to improve the current process. I appreciate the input of the RPC and look forward to continuing our cooperative relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnnie Burton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

R. M. "Johnnie" Burton
Director